

**Bob Balgenorth**  
**Follow-Up Testimony to Little Hoover Commission**  
**January 29, 2005**  
**on**  
**Governor's CPR Reorganization Plan**

I appreciate being invited to testify at the Little Hoover Commission's January 26 hearing, and regret that I wasn't able to stay to testify at the afternoon session. However, I did enjoy hearing the testimony of my fellow presenters during the morning session.

The thorough airing of the issues at the morning session demonstrates why an independent board or commission is preferable to placing important public policy matters in the hands of a bureaucracy that operates behind closed doors.

It was clear that Little Hoover Commission members were well-prepared and had read the testimony that had been submitted earlier. There was a stark difference between the Little Hoover hearing and the Administration's hearings on the CPR report. At the hearings on the rollout of the CPR, witnesses were allowed only two minutes each to present testimony on very complex issues while the Little Hoover Commission offered a much more complete process.

The public testimony on the morning of January 26 highlighted issues that would never have seen the light of day, and again I want to commend you on the manner in which you conducted the hearing.

Had I been able to stay, I would have drawn attention to why the three appeals boards – the Occupational Safety and Health Appeals Board, the Unemployment Insurance Appeals Board, and the Workers Compensation Appeals Board – serve a valuable purpose.

The State Building & Construction Trades Council thoroughly agrees with the Little Hoover Commission members who stated that an appeals body cannot function properly with at-will appointments. Therefore, we reiterate our position that the three appeals boards should not be eliminated or consolidated.

We also believe that the diversity of membership in the Building Standards Commission allows good government to flourish.

And, we totally agree with Commissioner Zax that the Commission on Health and Safety and Workers' Compensation (CHSWC) provides a valuable forum for management and labor to discuss and reach understanding on each other's issues. The creation of CHSWC has greatly increased the opportunity for workable solutions to the complex problems involved in workers' compensation.

### **Building Standards Commission**

In my earlier written testimony, I defended the role of the Building Standards Commission (BSC) on the grounds that if it were absorbed into the Department of General Services, there would be no independent review of proposed building standards.

On the morning of January 26, the Little Hoover Commission itself, with its diverse membership and lively discussion, demonstrated why independent boards and commissions provide the balance needed to set the regulatory policy for many professions and industries.

Like the Little Hoover Commission, the BSC's membership includes a broad cross-section of people with the backgrounds needed to evaluate California's Building Standards Code. And like Little Hoover, the BSC also debates its issues publicly, providing the transparency so necessary to ensure fairness in its decisions on a statewide building code.

In an industry where the materials and construction methods are changing so rapidly, only a commission with hands-on experience has the competence and expertise needed to stay abreast of the changes and to stay above the political fray.

### **Contractors State License Board**

In addition to the points made in our earlier written testimony, an independent Contractors State License Board helps maintain public confidence that licensed contractors can be counted on to complete a job skillfully, safely, and on-time.

Public confidence in the integrity and skill of licensed contractors is strengthened by a governing board whose 15 members include nine public members (eight noncontractors and one local building official), five contractors and one labor representative.

Absorbing the 380 employees of the Contractors License Board into a state department whose director is appointed and whose policy is set by the Governor will erode that public confidence.

**Occupational Safety and Health Appeals Board  
Unemployment Insurance Appeals Board  
Workers Compensation Appeals Board**

It just doesn't make sense to combine the three appeals bodies, with their individual staff and ALJ expertise, into an all-purpose regulatory body controlled by the Administration.

To substitute appeals board members appointed by the Senate, Assembly, and Governor with managers appointed only by the Governor appears nothing short of a power grab by the Executive Branch at the expense of the Legislative Branch of government.

In addition, to attempt to cross-train the hundreds of specialists who have spent many years learning the arcane complexities of the laws and regulations that cover unemployment insurance, or workers' compensation, or occupation safety and health, would make the appeals process operate less efficiently and slow the resolution of these urgent matters of public concern.

To put it more bluntly, using the same people who license cosmetologists and pest control services to make decisions on such highly specialized issues such as a statewide building code and workers compensation cases seems neither wise nor effective.

Thank you once more for giving the State Building & Construction Trades Council and its 375,000 craft and trade workers the opportunity to have a voice in these very important hearings.